

Donor Advised Charitable Funds

A **Donor Advised Fund (DAF)** is a charitable giving vehicle administered by a public charity which manages charitable donations on behalf of an organization, family or individual. The donor establishes and replenishes the fund with donations of cash or assets, receives tax deductions in the year donated and continues to be actively involved in the fund's charitable use by recommending gifts to charities of their choice anywhere in the United States, at their convenience.

Benefits of DAFs

Some of the primary benefits of charitable giving through an Ocean Reef Community Foundation Donor Advised Fund include:

■ Instant, Low Minimum Start Up

Because DAFs are automatically covered by the Foundation's IRS charitable status, they offer an easy-to-establish, immediate charitable vehicle with no legal hoops to jump through and no start up expenses. The minimum recommended initial contribution of \$10,000 becomes part of your fund available to you to donate to charity.

■ No Fees or Costs to Maintain

The Ocean Reef Community Foundation offers DAFs to Ocean Reef Club members as a service to the community and is exceptional among community foundations and commercial providers of DAFs in that it charges most funds no fees whatsoever. All administrative costs on regular funds are covered by the Foundation's Administrative Fund.

■ Investment Option Available

Funds of \$50,000+ which will maintain a minimum balance of \$10,000 are eligible to be invested in the same diversified portfolio of securities as the Foundation's own assets. The portfolio, invested on the principals used by the nation's largest university endowments, is managed by WaterOak Advisors and overseen by the Foundation Investment Committee. Invested funds benefit from reduced investment management fees which are calculated based on the balance of the whole of the Foundation's investments.

■ Maximum Tax Advantage

DAFs offer the maximum tax advantage of any charitable vehicle. For example, the tax deduction for a cash gift to a DAF is up to 50% Adjusted Gross Income versus 30% for a private foundation donation.

■ Double Tax Benefit on Stock Donations

Donors who contribute long-term appreciated securities to a DAF get a double federal tax benefit – appreciated securities are deductible at their full market value if owned longer than one year and the capital gains tax on the appreciation is completely avoided.

■ Uniquely Flexible Tax Solution

DAFs allow you to time donations into your fund for maximum tax advantage and then develop a charitable giving plan to make the resulting gifts on your own timetable. This is especially useful when receiving large amounts of income in any particular year – for example, in a retirement year, a bonus or inheritance, upon the sale of a business or when facing large capital gains taxes for a stock buy out – as DAFs have no annual distribution requirement.

■ Simplicity & Convenience

DAFs centralize and streamline philanthropy to make giving virtually effortless. One fund allows you to recommend gifts to many different nonprofits without many separate contributions and receipts (for instance, dozens of individual donations could be funded with one stock donation with all your contributions and outgoing donations tracked on a single DAF statement). The Foundation distributes donations and communicates the details of the gift and donor, and you get the credit and a clear record of your giving.

■ **Accountability & Stewardship**

The responsibility for all due diligence, administration and record keeping is transferred to the Foundation, freeing donors to focus on philanthropy. The Foundation is overseen by a public Board of Directors which reflects the Ocean Reef Community and carries directors and officers insurance. Funds are overseen by the Foundation's Investment Committee and skilled professional advisors. The Foundation files the required IRS Form 990, undergoes an annual audit, and makes all key information available to the public.

■ **Expertise on Local Charities & Philanthropy**

DAF donors gain access to the Foundation's knowledge of and relationships with a wide range of local charitable organizations and professionals. Local expertise is an especially relevant benefit for a second home community where members may not have the connections and familiarity with off Reef charities they might enjoy in a "hometown." Through events, newsletters, Charity Tours and site visits, donors can learn about effective charities and programs they might not otherwise discover. The Foundation also offers co-investment and match grant opportunities to support

local giving efforts and increase impact with the peace of mind that the charities have been vetted by a Grants Committee of your peers.

■ **Help with Establishing Florida Residency**

Knowledge of the local philanthropic landscape is particularly useful as many Ocean Reef members establish DAFs as they spend more time and become more focused on Ocean Reef as a primary home. Charitable involvement and setting up local accounts are both commonly recommended ways to demonstrate you have established key relationships in your new home state.

■ **Recognition of the Ocean Reef Community**

Donations given in the name of the community through a DAF at the Ocean Reef Community Foundation help our neighboring communities to understand they were given by Ocean Reef residents specifically (not readily apparent when given from a Key Largo or northern address) and to better appreciate the greater impact of the community's collective giving and Ocean Reef's contribution to the region's overall quality of life.

Ocean Reef Funds a Great Complement to Private Foundations & 'Hometown' Funds

Members frequently come to Ocean Reef already well established in terms of their philanthropic giving, many with their own private foundation or DAF at a "hometown" community foundation. While an appropriate alternative for many, disadvantages of private foundations include higher costs, administration, complicated annual tax filings and lesser tax benefits. These have driven a nationwide trend to convert private foundation assets to DAFs (ask about our quick read DAF vs. Private Foundation Comparison for more information).

Among Ocean Reef donors, the trend has been to establish a DAF to complement an ongoing private foundation. Donating funds into a DAF when not ready to meet the annual distribution requirement at year end enables one to meet the requirement and then take additional time needed to make informed granting decisions. Also, while

private foundations must file a public tax record of assets and grants, some donors appreciate that DAF size and grants are private.

With existing private foundations and community foundations usually based in and focused on a member's "hometown" community, many members establish an ORCF DAF simply to take advantage of the Foundation's expertise on local issues and organizations as they begin spending more of the year at Ocean Reef. The Foundation offers many services to help connect you to causes aligned with your individual giving priorities, and will suggest local charities based on your primary community gifting history on request. Many also find it convenient to organize their giving by location and consolidate their South Florida giving with the local Foundation.

Setting up your Ocean Reef Donor Advised Fund takes only a matter of minutes and is as simple as choosing a fund name and providing the opening donation.*

To learn more, please visit the office in the Ocean Reef Business Center, call 305-367-4707 or email foundation@oceanreef.com with any questions or to request a copy of our Donor Advised Fund Handbook.

**If mailing our online agreement (found on the "Giving" page of our website at orfound.org) for a "last minute" tax deduction, please be sure to include or prearrange the initial donation and postmark by December 31st.*